

*(This document is an English translation of the original Japanese document. If there are any discrepancies between this document and the original Japanese document, the original Japanese document prevails.)*

Last Update: 30 June 2020

**SUZUKI MOTOR CORPORATION**

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Securities Code Number: 7269

<http://www.suzuki.co.jp/>

## **Corporate Governance Report**

Corporate governance at Suzuki Motor Corporation (the “Company”) is as follows:

### **I. Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

#### **1. Basic Policy** Revised

Through fair and efficient corporate activities, the Company aims to earn the trust of our shareholders, customers, suppliers, local communities, employees, and other stakeholders, and to make further contribution to the international community in order to continue to grow and develop as a sustainable company. To achieve this goal, the Company recognizes that continuous improvement of corporate governance is essential, and as a top priority management issue, we are actively working on various measures.

In consideration of the meaning of the respective principles of the Corporate Governance Code, the Company will make continuing efforts to ensure the rights and equality of the shareholders and the effectiveness of the Board of Directors and the Audit & Supervisory Board as well as to upgrade the internal control system.

Also, in order to be trusted further by society and stakeholders, we will disclose information quickly in fair and accurate manner prescribed in laws and regulations and actively disclose information that we consider is beneficial to deepen their understanding of the Company. Thus we will further enhance the transparency of the Company.

### **【Reasons for not implementing principles of the Corporate Governance Code】**

Revised

#### **【Supplementary Principle 4.11.3 Board evaluation】**

In FY2019, sufficient time was taken to deliberate the vision for the Board of Directors by its members although it did not take the form of effectiveness evaluation. The Company will conduct the board evaluation in FY2020.

## **【Disclosure based on principles of Corporate Governance Code】** Revised

### **【Principle 1.4 Cross-Shareholdings】**

The Company will hold shares of business partners and others for realizing sustainable growth and enhancing our mid- and long-term corporate value when we determine that such shareholdings will contribute to creation of business opportunities, business alliances as well as establishment, retention, reinforcement, etc. of stable transactions and cooperative relations.

Appropriateness of individual cross-shareholdings is examined by the Board of Directors every year. The Company makes a comprehensive judgment on the accompanying benefits, risks, etc. of holdings taking into consideration nature, scale, etc. of transactions and setting qualitative criterion including aspect of enhancement of corporate value and quantitative criterion including comparison with capital costs for judgment and once a stock is decided to be sold, then the company shall advance reduction.

The Company will exercise the voting rights under cross-shareholdings examining for each agenda from the viewpoint of conditions of their operation, contribution to raising our mid- and long-term corporate value and whether subject agenda does not spoil stakeholders' value while respecting the management policy of the companies in which we hold shares. As specially focused agendas, the Company assumes introduction of anti-takeover measure, business reorganization, agendas relating to appointment of directors in the cases of continuously deteriorating business performance, etc.

### **【Principle 1.7 Related Party Transactions】**

When Directors and Company Auditors of the Company assume the post of officers in other companies concurrently, prior approval must be obtained from the Board of Directors.

Transactions involving conflict of interest between the Company and Directors are required to obtain prior approval from the Board of Directors, and regular reporting on material facts to the Board of Directors about such transactions has enabled the Board of Directors to monitor them appropriately.

In addition, we disclose related party transactions appropriately pursuant to the applicable laws, regulations and accounting standards.

### **【Principle 2.6 Roles of Corporate Pension Funds as Asset Owners】**

In order to ensure appropriate management of corporate pension, the Company has established a pension management committee consisting of personnel having appropriate capacity, such as directors or general managers in charge of finance, human resources, and audit divisions. The committee hears opinions from asset management institutions, etc., and conducts regular monitoring on the status of management, and it makes decision on investment policy of pension assets, selects entrusted management institutions, and conducts reviews on investment products, asset allocation, etc.

### **【Principle 3.1 Enhancement of Information Disclosure】**

#### **(i) Company objectives, business strategies and business plans**

The Company group has established the motto "Develop products of superior value by focusing on the customer" in the prime agenda of its mission statement. The Company group will continuously strive for manufacturing of really valuable products appreciated by customers.

The Company group commits itself to make efforts to promote the production of small and subcompact vehicles and the development of environmentally benign products needed by customers with the slogan "Small Cars for a Big Future".

The Company group makes efforts to promote the "Smaller, Fewer, Lighter, Shorter, and Neater" on every side and has been working for the efficient, well-knit and healthy management.

#### Mission Statement

1. Develop products of superior value by focusing on the customer
2. Establish a refreshing and innovative company through teamwork
3. Strive for individual excellence through continuous improvement

With regard to the mid-term management plan, the Company has postponed the announcement of the new plan due to the spread of the new coronavirus infection.

#### (ii) Basic policy and guidelines on corporate governance

Please refer to "1. Basic Policy" above.

#### (iii) Basic policies and procedures in determining the remuneration of the senior management and Directors

Please refer to "1. Organizational Structure and Operation, etc. 【Director Remuneration】 Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "II. Overview of Business Management Organization and Other Corporate Governance Systems related to Decision-making, Execution of Business and Management Supervision" below in this report.

#### (iv) Basic policies and procedures in the nomination/dismissal of the senior management and the nomination of the candidates for Directors and Company Auditors

The standard for nominating Directors includes that they must have rich experience and knowledge in their respective fields, that they must be capable and qualified managers, and that they must have a broad perspective required for global business management.

For candidate Outside Directors, the Company looks for people who have broad knowledge, experience and sufficient achievements in their field of origin, and who satisfy the Company's "Standard for Independence of Outside Directors and Outside Company Auditors" in order to strengthen their ability to supervise management.

For candidate Company Auditors, the nomination standard includes that the candidate must possess a high level of knowledge and proficiency in auditing all fields of the Company's business, including auditing accounts.

For candidate Outside Company Auditors, the Company seeks for people who have a high level of specialist knowledge and rich experience in finance, accounting, technology, business management, etc., and who satisfy the Company's "Standard for Independence of Outside Directors and Outside Company Auditors" in order to secure the neutrality of the auditing system.

As a policy, the Company does not regard whether or not the candidate is from within the Company, gender, nationality, etc. when looking to candidate Directors and Company Auditors.

The suitability of candidate Directors and Company Auditors is deliberated by the Advisory Committee on Personnel and Remuneration, etc., where Outside Directors/Auditors make up a majority of the membership, and based on the result of this deliberation, and with the assent of the Board of Company Auditors in the case of candidate Company Auditors, the Board of Directors then decides on the candidates to propose for election as an agenda item for a General Meeting of Shareholders.

As for Managing Officers, Advisory Committee on Personnel and Remuneration, etc. deliberates suitability in compliance with the standards for election of candidate Directors and based on the results the Board of Directors elects Managing Officers.

In the event of violation of laws and regulations, etc. by a Director or Managing Officer or of other cases where the needs of discharge or removal arises, the Board of Directors makes a resolution for discharge or removal (removal of a director is subject to a resolution through an agenda of a general shareholders' meeting).

(v) Explanations with respect to the individual appointments and nominations

Please refer to the "Notice of Convocation of the 154<sup>th</sup> Ordinary General Meeting of Shareholders held on 26 June 2020 (Agenda Item 2 and 3)", which is available at our homepage.

< Japanese >

<https://www.suzuki.co.jp/ir/stock/pdf/convocation154.pdf>

< English >

<https://www.globalsuzuki.com/ir/stock/toShareholders/pdf/2020/convocation154.pdf>

**【Supplementary Principle 4.1.1 Scope of delegation to management】**

The Board of Directors is clearly defining the matters to be resolved at its meetings including those required by laws, regulations and the Articles of Incorporation. Also, the Company is taking measures for agile execution of operation and to clarify the individual responsibilities such as introduction of Managing Officers System and revision of organization structure as necessary, and has established an internal regulation on approval standard for execution of operation by Directors and Managing Officers.

To quickly deliberate and decide important managerial issues and measures to be taken, the Company holds Executive committee meetings attended by Representative Directors and other Directors and Managing Officers concerned periodically and whenever necessary.

**【Principle 4.9 Independence Standards and Qualification for Independent Directors】**

Please refer to "1. Organizational Structure and Operation, etc. 【Independent Directors/ Company Auditors】 Matters relating to Independent Directors/ Company Auditors" in "II. Overview of Business Management Organization and Other Corporate Governance Systems related to Decision-making, Execution of Business and Management Supervision" below in this report.

**【Supplementary Principle 4.11.1 View on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size】**

The size of the Board of Directors is considered appropriate to ensure thorough discussion and rational and agile decision-making, and its composition takes into account the overall balance of

knowledge, experience, ability, performance, and diversity in light of the Company's management strategy and the challenges it faces, including ESG issues.

**【Supplementary Principle 4.11.2 Current positions of Directors and Company Auditors held at other listed companies】**

Please refer to the “Notice of Convocation of the 154<sup>th</sup> Ordinary General Meeting of Shareholders held on 26 June 2020 (Matters relating to Directors/Company Auditors and Agenda Item 2 and 3)” which is available at our homepage.

<Japanese>

<https://www.suzuki.co.jp/ir/stock/pdf/convocation154.pdf>

<English>

<https://www.globalsuzuki.com/ir/stock/toShareholders/pdf/2020/convocation154.pdf>

**【Supplementary Principle 4.14.2 Training policy for Directors and Company Auditors】**

The Company implements trainings that allow Directors and Company Auditors to deepen their understanding of their respective roles, responsibilities, etc. We intend to make the training an opportunity in which Directors and Company Auditors take part together in principle, so that they can share the information on their respective roles, responsibilities, etc.

When a new Outside Director or a new Outside Company Auditor assumes post in the Company, the Company will explain to the person the Company objectives, lines of business, finances, organizations, etc. In addition, the Company will prepare opportunities, such as interaction with Directors, Managing Officers and employees in the Company, attending various meetings related to corporate management and business execution, and joining factory inspections, to ensure that the person can deepen understanding of the Company.

**【Principle 5.1 Policy for Constructive Dialogue with Shareholders】**

In the belief that understanding the interests and concerns of the shareholders through constructive dialogues from a mid- and long-term perspective will contribute to our sustainable growth and the mid- and long-term enhancement of our corporate value, the Company is striving to promote dialogues with the shareholders. The following are the policies for advancing constructive dialogues with the shareholders.

1. IR organization

- The Corporate Planning Office is responsible for promoting dialogues with our shareholders, etc., supervised by the Director or Managing Officer in charge of corporate business planning. The contact of IR will be established in Tokyo and the Head Office.
- Dialogues with our shareholders, etc. will be advanced within a reasonable scope in consideration of requests of the shareholders and main matters that they are interested in. In principle, this duty will be executed within a reasonable scale by Directors or managers in senior positions who have ample knowledge and experience to make appropriate explanations.

## 2. Interdivisional cooperation

The Corporate Planning Office will engage in activities including preparing materials through discussing and building a common understanding with related organizations in advance, depending on dialogue themes with shareholders, etc.

## 3. Measure of dialogue

In addition to individual interviews, the Company will hold regular financial result briefings for securities companies' analysts and institutional investors every quarter; investors' conferences at home and abroad, IR events (including new car presentation meetings, factory tours and information meetings on technologies) when the need arises. In parallel, we intend to upgrade IR-related materials that are posted on the Company's homepage (including the English version).

## 4. Feedback

Opinions, interests, concerns and others, obtained from meetings with our shareholders, etc. will be reported to the top management, as necessary, with the aim of reflecting them in sustainable growth and the mid-and long-term enhancement of the corporate value in the Company.

## 5. Measures to control insider information

- Thoroughly control insider information in order to prevent it from leaking from the Company.
- Observe a silent period of a month or so prior to the announcement of financial results in order to limit dialogues with our shareholders, etc. regarding information on financial results.
- Make multiple staffers involved in dialogues with our shareholders, etc. in principle from the viewpoint of monitoring one another.

## 6. Fair Disclosure of information

We will comply with the Financial Instruments and Exchange Act when disclosing information to the investors, securities companies' analysts and stock trading related parties.

## 2. Capital Structure

Percentage of shares held by foreign investors	More than 30%
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### **【Principal Shareholders】** Revised

Name	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,031,800	9.48
Japan Trustee Services Bank, Ltd. (Trust Account)	25,188,300	5.19
Toyota Motor Corporation	24,000,000	4.94
Tokio Marine & Nichido Fire Insurance Co., Ltd.	17,961,766	3.70
MUFG Bank, Ltd.	16,000,858	3.30
Resona Bank, Ltd.	13,000,000	2.68
The Shizuoka Bank, Ltd.	12,100,723	2.49
JP Morgan Chase Bank 385632	11,626,106	2.40
Japan Trustee Services Bank, Ltd. (Trust Account 9)	9,437,900	1.94
The Bank of New York Mellon 140042	8,916,312	1.84

Controlling Shareholder (excluding parent company)	—
Parent Company	None

## Supplementary Explanation Revised

- (1) Principal shareholders listed above are as of 31 March 2020.
- (2) In addition to the above, the Company owns 5,654,806 shares as treasury stock.
- (3) According to the Change Report Pertaining to Report of Possession of Large Volume dated 6 September 2018, Nomura Securities Co., Ltd. and its joint holders held 26,024,012 shares as of 31 August 2018. However, the Company has not been able to confirm the practical number of shares held by them as of 31 March 2020, and therefore they are not included in principal shareholders listed above.

Nomura Securities Co., Ltd.	1,043,803 shares
Nomura Asset Management Co., Ltd.	21,130,900 shares
NOMURA INTERNATIONAL PLC	3,849,309 shares

- (4) According to the Change Report Pertaining to Report of Possession of Large Volume dated 21 December 2018, Sumitomo Mitsui Trust Bank, Limited and its joint holders held 29,290,940 shares as of 14 December 2018. However, the Company has not been able to confirm the practical number of shares held by them as of 31 March 2020, and therefore they are not included in principal shareholders listed above.

Sumitomo Mitsui Trust Bank, Limited	5,500,000 shares
Sumitomo Mitsui Trust Asset Management Co., Ltd.	12,654,415 shares
Nikko Asset Management Co., Ltd.	11,136,525 shares

- (5) According to the Change Report Pertaining to Report of Possession of Large Volume dated 20 December 2019, Mizuho Bank, Ltd. and its joint holders held 24,413,600 shares as of 13 December 2019. However, the Company has not been able to confirm the practical number of shares held by them as of 31 March 2020, and therefore they are not included in principal shareholders listed above.

Mizuho Bank, Ltd.	3,000,000 shares
Asset Management One Co., Ltd.	19,067,700 shares
Mizuho Securities Co., Ltd.	2,345,900 shares

- (6) According to the Change Report Pertaining to Report of Possession of Large Volume dated 3 February 2020, MUFG Bank, Ltd. and its joint holders held 31,706,958 shares as of 27 January 2020. However, the Company has not been able to confirm the practical number of shares held by joint holders as of 31 March 2020, and therefore they are not included in principal shareholders listed above.

MUFG Bank, Ltd.	16,000,858 shares
Mitsubishi UFJ Trust and Banking Corporation	10,605,400 shares
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	5,100,700 shares

- (7) According to the Change Report Pertaining to Report of Possession of Large Volume dated 19 March 2020, BlackRock Japan Co., Ltd. and its joint holders held 24,305,784 shares as of 13 March 2020. However, the Company has not been able to confirm the practical number of shares held by them as of 31 March 2020, and therefore they are not included in principal shareholders listed above.

BlackRock Japan Co., Ltd.	6,192,600 shares
BlackRock Institutional Trust Company, N. A.	5,436,766 shares
BlackRock Fund Advisors	5,142,100 shares

BlackRock Advisors, LLC	2,167,677 shares
BlackRock Asset Management Ireland Limited	1,585,325 shares
BlackRock Investment Management (UK) Limited	1,293,126 shares
BlackRock (Luxembourg) S. A.	987,659 shares
BlackRock Investment Management LLC	835,821 shares
BlackRock Fund Managers Limited	664,710 shares

- (8) The shares listed above held by the Master Trust Bank of Japan, Ltd. (Trust Account), Japan Trustee Services Bank, Ltd. (Trust Account) and Japan Trustee Services Bank, Ltd. (Trust Account 9) is shares pertaining to trust operation.

### 3. Corporate Attributes

Stock Exchange Listings and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Industry	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policies for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Situations that may have significant influence on Corporate Governance

The Company does not hold any listed subsidiary company in Japan, but has 2 listed subsidiary companies abroad. The Company will retain necessary cooperation with subsidiary companies from the view point of sustainable growth and enhancing corporate value in the Group, but at the same time will hold independency in estimation with subsidiary companies.

## II. Overview of Business Management Organization and Other Corporate Governance Systems related to Decision-making, Execution of Business and Management Supervision

### 1. Organizational Structure and Operation, etc.

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15 persons
Directors Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairman
Number of Directors <b>Revised</b>	9 persons
Appointment of Outside Directors	Yes
Number of Outside Directors <b>Revised</b>	3 persons
Number of Independent Directors and Outside Directors <b>Revised</b>	3 persons



**Relationship with the Company (1) Revised**

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Osamu Kawamura	From another company								○			
Hideaki Domichi	From another company								△			
Yuriko Kato	From another company								○			

\* Relationship with the Company

\* "○" when the person presently falls or has recently fallen under the category;

"△" when the person fell under the category in the past

\* "●" when a close relative of the person presently falls or has recently fallen under the category;

"▲" when a close relative of the person fell under the category in the past

- a. A person executing business of the Company or its subsidiaries
- b. A person executing business or non-executive director of a parent company of the Company
- c. A person executing business of a fellow subsidiary of the Company
- d. A person whose major business partner is the Company or a person executing business of a company of which major business partner is the Company
- e. A person who is a major business partner of the Company or a person executing business of a major business partner of the Company
- f. A consultant, accounting expert or legal expert who receives a large amount of remuneration from the Company other than remuneration for director
- g. Major shareholder of the Company (or a person executing business of such shareholder if the shareholder is a legal entity)
- h. A person executing business of a business partner of the Company (which does not correspond to any of d, e, or f) (the outside director himself/herself only)
- i. A person executing business, between which and the Company outside directors/outside company auditor are mutually appointed (the outside director himself/herself only)
- j. A person executing business of an entity which receives a donation from the Company (the outside director himself/herself only)
- k. Others

**Relationship with the Company (2) Revised**

Name	Independent Director	Supplementary Information of the Relationship	Reasons for Selecting as Outside Director and Reason for Designation as an Independent Director
Osamu Kawamura	○	Mr. Osamu Kawamura is Representative Director of CHANSON COSMETICS Inc. and its group companies. The Group has transactions with said group including the purchase of management devices and commission of maintenance, but the annual payment from the Group in the latest business year was approximately 20 million yen, and therefore the Company has judged that this presents no issues to his independence.	<Reasons for Selecting as Outside Director> Having engaged in corporate management in cosmetic business and other businesses, Mr. Osamu Kawamura has ample experience and knowledge as a specialist in business management. In addition, through business activities, he is proactively working on supporting women's advancement in society, environmentally friendly manufacturing that emphasizes quality, and the Sustainable Development Goals (SDGs) adopted by the UN Summit. The Company has judged that he can provide advice and supervision to the management of the Company from various perspectives based

			<p>on this experience and knowledge.</p> <p>&lt;Reason for Designation as an Independent Director&gt;  The company has established its “Standard for Independence of Outside Directors and Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that he meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.</p>
Hideaki Domichi	○	<p>Mr. Hideaki Domichi served as Senior Managing Officer of Hotel Management International Co., Ltd. from October 2016 to January 2019 after working for the Ministry of Foreign Affairs and Japan International Cooperation Agency. The Group has transactions with Grand Hotel Hamamatsu, an affiliate of said company, regarding facility usage, etc., but these transactions have been ongoing since before February 2014, when Hotel Management International Co., Ltd. took over the business operations of Grand Hotel Hamamatsu, and therefore the Company has judged that this presents no issues to his independence.</p>	<p>&lt;Reasons for Selecting as Outside Director&gt;  Mr. Hideaki Domichi has held important positions such as the Ambassador of Japan to India, which is a focus market for the Group, and has a wealth of international experience as a diplomat and deep insight into world affairs. In addition, he has been engaged in various issues such as the environment and society on a global scale. The Company has judged that he can provide advice and supervision to the management of the Company from various perspectives based on this experience and knowledge.</p> <p>&lt;Reason for Designation as an Independent Director&gt;  The company has established its “Standard for Independence of Outside Directors and Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that he meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.</p>
Yuriko Kato	○	<p>Ms. Yuriko Kato is Representative Director of M2Labo. Inc. and its group company. A consolidated subsidiary of the Company has invested 5 million yen in M2Labo. Inc., which accounts for more than 10% of said company's capital</p>	<p>&lt;Reasons for Selecting as Outside Director&gt;  Ms. Yuriko Kato founded her own company with the aim of contributing to the achievement of a sustainable society after having engaged in research and development of industrial</p>

	<p>stock of 39 million yen, but it is an investment by preferred shares that do not carry voting rights. The Group is not involved in determining important matters of said company, nor is said company dependent on the Group for funding. The Group also has transactions with said group such as sales of machinery and vegetables, but annual net sales from the Group in the latest fiscal year were less than 1 million yen. In addition, the Company and said company are jointly developing an electric transportation vehicle to reduce the load on agricultural producers. However, based on the scale and nature of the transactions detailed above, the Company has judged that this presents no issues to her independence.</p>	<p>machinery and robots in a private company and as a sole proprietor, and she is proactively working on the development of agricultural machinery and robots, the efficient distribution of agricultural products, and human resource development through agriculture in order to solve social issues such as a decrease in the number of agricultural workers and the aging of society. The Company has judged that she can provide advice and supervision to the management of the Company from various perspectives based on this experience and knowledge.</p> <p>&lt;Reason for Designation as an Independent Director&gt; The company has established its “Standard for Independence of Outside Directors and Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that he meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.</p>
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Establishment of Optional Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Yes
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### Establishment of Optional Committee(s), Composition, and Attributes of Chairperson

Revised

	Optional Committee Corresponding to Nomination Committee	Optional Committee Corresponding to Remuneration Committee
Name of Committee	Advisory Committee on Personnel and Remuneration, etc.	Advisory Committee on Personnel and Remuneration, etc.
Total Number of Members	8	8
Full-time Members	-	-
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	-	-
Other	3	3
Chairperson	Internal Director	Internal Director

### Supplementary Explanation Revised

Aimed to enhance clarity and objectivity upon electing candidates for Directors and Auditors, as well as deciding remuneration of Directors, as an advisory committee for the Board of Directors, The Company establishes “Advisory Committee on Personnel and Remuneration, etc.”.

The Committee discusses issues such as election standards and adequacy of candidates for Directors and Auditors, as well as adequacy of system and level of Director's remuneration. The Board of Directors decides based on their results.

Decision for election of senior Managing Officers and remuneration of Managing Officers are also based on results of the Committee's discussion.

Members of the Advisory Committee on Personnel and Remuneration, etc. are Representative Director and Chairman Osamu Suzuki (Board Chair), Representative Director and President Toshihiro Suzuki, Outside Directors Osamu Kawamura, Hideaki Domichi, and Yuriko Kato, and Outside Company Auditors Norio Tanaka, Nobuyuki Araki and Norihisa Nagano. In addition, full-time Company Auditor Toyokazu Sugimoto attends the committee meetings as an observer.

Committee meetings are held as needed, and all committee members and observers have attended the meetings held so far, while the frequency of meetings varies from year to year.

The Advisory Committee on Personnel and Remuneration, etc. has the functions of both the Nominating Committee and the Remuneration Committee.

#### [Company Auditors]

Establishment of Audit & Supervisory Board	Yes
Maximum Number of Company Auditors Stipulated in Articles of Incorporation	5 persons
Number of Company Auditors	5 persons

#### Cooperation among Company Auditors, Independent Auditor and Audit Department Revised

Please refer to "2. Matters Related to Business Execution, Audit and Supervision, Nominations and Decisions on Remuneration (Overview of Current Corporate Governance System)" below in this report.

Appointment of Outside Company Auditors	Yes
Number of Outside Company Auditors	3 persons
Number of Independent Company Auditors	3 persons

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Norio Tanaka	CPA														○
Nobuyuki Araki	Academic														○
Norihisa Nagano	Lawyer														○

\* Relationship with the Company

\* "○" when the person presently falls or has recently fallen under the category;

"△" when the person fell under the category in the past

\* "●" when a close relative of the person presently falls or has recently fallen under the category;

"▲" when a close relative of the person fell under the category in the past

a. A person executing business of the Company or its subsidiaries

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. A person executing business or non-executive director of a parent company of the Company

d. A company auditor of a parent company of the Company

e. A person executing business of a fellow subsidiary of the Company

f. A person whose major business partner is the Company or a person executing business of a company of which major business partner is the Company

- g. A person who is a major business partner of the Company or a person executing business of a major business partner of the Company
- h. A consultant, accounting expert or legal expert who receives a large amount of remuneration from the Company other than remuneration for company auditor
- i. Major shareholder of the Company (or a person executing business of such shareholder if the shareholder is a legal entity)
- j. A person executing business of a business partner of the Company (which does not correspond to any of f, g, or h) (the outside company auditor himself/herself only)
- k. A person executing business, between which and the Company outside directors/outside company auditor are mutually appointed (the outside company auditor himself/herself only)
- l. A person executing business of an entity which receives a donation from the Company (the outside company auditor himself/herself only)
- m. Others

## Relationship with the Company (2) Revised

Name	Independent Company Auditor	Supplementary Information of the Relationship	Reasons for Selecting as Outside Company Auditor and Reason for Appointing as Independent Company Auditor
Norio Tanaka	○	—	<p>&lt;Reasons for Selecting as Outside Company Auditor &gt;            Since his appointment as Outside Company Auditor of the Company, Mr. Norio Tanaka has been performing his duties as Outside Company Auditor properly, including expressing beneficial opinions at the meetings of the Board of Directors, etc. based on his ample experience and expertise as a Certified Public Accountant and a Certified Tax Accountant. The Company expects him to continue to oversee and supervise the management of the Company from an objective and neutral position.</p> <p>&lt;Reason for Designation as an Independent Company Auditor&gt;            The Company has established its “Standard for Independence of Outside Directors and Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that Mr. Norio Tanaka meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.</p>
Nobuyuki Araki	○	—	<p>&lt;Reasons for Selecting as Outside Company Auditor &gt;            Since his appointment as Outside Company Auditor of the Company, Mr. Nobuyuki Araki has been performing his duties as Outside Company Auditor properly, including expressing beneficial opinions at the meetings of the Board of Directors, etc. based on his ample experience and expertise as doctor of engineering and other important offices such as in the field of academy/environment. The Company expects him to continue to oversee and supervise the management of the Company from an objective and neutral position.</p> <p>&lt;Reason for Designation as an Independent Company Auditor&gt;            The Company has established its “Standard for Independence of Outside Directors and</p>

			Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that Mr. Nobuyuki Araki meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.
Norihisa Nagano	○	—	<p>&lt;Reasons for Selecting as Outside Company Auditor &gt;</p> <p>Since his appointment as Outside Company Auditor of the Company, Mr. Norihisa Nagano has been performing his duties as Outside Company Auditor properly, including expressing beneficial opinions at the meetings of the Board of Directors, etc. based on based on his ample experience and expertise as an attorney at law. The Company expects him to continue to oversee and supervise the management of the Company from an objective and neutral position.</p> <p>&lt;Reason for Designation as an Independent Company Auditor&gt;</p> <p>The Company has established its “Standard for Independence of Outside Directors and Outside Company Auditors of the Company”, taking into consideration the independence criteria set by Tokyo Stock Exchange, Inc., and the Company believes that Mr. Norihisa Nagano meets the Standard and has no risk of having conflicts of interest with ordinary shareholders.</p>

**[Independent Directors/ Company Auditors]**

Number of Independent Directors/Company Auditor	Revised	6 persons
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**Other Matters relating to Independent Directors/ Company Auditor**

All of Outside Directors and Outside Company Auditors of the Company that qualify as an Independent Director/Company Auditor are designated as Independent Directors/Company Auditors.

As to independence from the Company with regard to the election of Outside Director/Company Auditor, the Company judges their independence under the below “Standard for Independence of Outside Directors and Outside Company Auditors of the Company” based on “independence criteria” set by Tokyo Stock Exchange, Inc.

<The Standard for Independence of Outside Directors and Outside Company Auditors>

The Company will not elect any person who falls under any of the followings as a candidate Outside Director or Outside Company Auditor in order to ensure the independence:

1. Persons concerned with the Company and its subsidiaries (“the Group”)
  - (1) With regard to Outside Directors, any person who is or was a person executing business (Note 1) of the Group at present or in the past,
  - (2) With regard to Outside Company Auditors, any person who is or was a Director, Managing Officer or employee of the Group at present or in the past, or

(3) A spouse or a relative within the second degree of kinship of the present Director or Managing Officer of the Group.

2. Persons concerned such as business partners or major shareholders, etc.

(1) Any person who is a person executing business of any of the followings:

1) A company of which major business partner is the Group (Note 2)

2) A major business partner of the Group (Note 3)

3) A major shareholder having 10% or more of total voting rights of the Company

4) A company for which the Group has 10% or more of total voting rights

(2) A person who is or was a representative partner or a partner of the Group's Accounting Auditor at present or in the past five years

(3) A person who receives a large amount of remuneration from the Group other than remuneration for Director/Company Auditor (Note 4)

(4) A person who receives a large amount of donation from the Group (Note 5)

(5) A spouse or a relative within the second degree of kinship of the person who falls under category from (1) through (4) above

(Note 1) A person executing business:

A director executing business, an executive officer, a managing officer or an employee

(Note 2) A company of which major business partner is the Group:

A company which belongs to the group of the business partner who receives 2% or more of its consolidated net sales in the latest business year ended of the group from the Group in any of the business year in past three years

(Note 3) A major business partner of the Group:

A company which belongs to the group of the business partner who makes payment 2% or more of the Group's consolidated net sales or provides the Group with 2% or more of loans of its consolidated total assets in the latest business year ended of the Group in any of the business year in past three years

(Note 4) A person who receives a large amount of remuneration:

A consultant or legal or accounting expert who receives annual compensation 10 million yen or more (for the organization, 2% or more of its annual total revenues) in any of the business year in past three years

(Note 5) A person who receives a large amount of donation:

A person who receives annual donation 10 million yen or more (for the organization, a person directly involved in activities which is the purpose of the donation) in any of the business year in past three years

#### [Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of Performance-linked Remuneration System, etc,
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#### Supplementary Explanation Revised

Total amount of the Directors (except Outside Directors) bonuses is calculated in connection with the Consolidated Operating income. In addition, restricted stock remuneration has been introduced.

For details, please refer to “Disclosure of Policy on Determining the Amounts of Remuneration and Calculation Methods” described below.

Grantees of Stock Options	—
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#### Supplementary Explanation

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#### [Remuneration of Directors]

Disclosure Status (of Remuneration for Individual Director)	Partial individual
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#### Supplementary Explanation Revised

The Company makes it a rule to disclose in its Securities Report, each case of those with consolidated remuneration of 100 million yen or more.

The Securities Report is posted on the website of the Company for public viewing.

The total amount of specific remuneration, etc. for FY2019 is as below.

During FY2019, the total amount of remuneration that the Company paid to 7 Directors (excluding Outside Directors) was 359 million yen (which is broken down to fixed remuneration of 138 million yen, performance-linked bonus of 118 million yen and restricted stock remuneration of 102 million yen). Performance-linked bonus and restricted stock remuneration are amounts reported as expenses for FY2019.

The total amount of remuneration, etc. paid to two Outside Directors is 28 million yen (fixed remuneration).

Existence of Policy on Determining the Amounts of Remuneration and Calculation Methods <span style="border: 1px solid black; padding: 0 2px;">Revised</span>	Yes
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#### **Disclosure of Policy on Determining the Amounts of Remuneration and Calculation Methods**

<Remuneration of Directors>

Directors' remuneration (excluding outside directors) shall consist of fixed basic remuneration by position (Basic Remuneration), remuneration linked to the performance of each fiscal year (Bonuses), and restricted stock remuneration linked to the medium- to long-term stock price, in order for the remuneration to function as an incentive for the Company's sustainable growth. The ratios are generally estimated to be 40% fixed remuneration, 30% Performance-linked bonus and 30% restricted stock remuneration.

Outside directors' remuneration shall be fixed remuneration only.

The fixed basic remuneration and bonuses linked to consolidated performance and other indices have been resolved at the Annual General Meeting of Shareholders held on June 29, 2017 to be no more than ¥750 million per year (of which, no more than ¥36 million per year for outside directors). The number of directors after the general meeting of shareholders was eight (including two outside directors).

Fixed basic remuneration for each director is determined taking into account the duties and responsibilities of such director. Performance-linked bonus is paid in accordance with a calculation



method linked to the Company's consolidated performance and other indicators. Consolidated operating income is selected as the benchmark for the calculation, from the perspective of the Company's profitability. No targets have been set for determining the amount to be paid, but the calculation method described in the Supplement is determined each year.

Regarding the restricted stock remuneration, for the purpose of functioning as an incentive to sustainably enhance corporate value and promoting further value sharing between directors and shareholders, the annual general meeting of shareholders held on 29 June 2017 resolved to limit the annual amount to 300 million yen and the maximum number of shares to 100,000 shares per year, and then the annual general meeting of shareholders held on 26 June 2020 resolved to revise the transfer restriction period while the annual amount and the maximum number of shares remain unchanged. The number of directors after the general meeting of shareholders was nine (including three outside directors).

The restricted stock remuneration is calculated based on the criteria for each position, and in order to provide incentive remuneration for the sustainable improvement of corporate value during the director's term of office, the restricted stock transfer period is set from the date of allotment of restricted stocks to the date of retirement from the position of director.

Directors' remuneration is determined by the Board of Directors based on the results of deliberation by Advisory Committee on Personnel and Remuneration, etc., with a majority of committee members being outside directors and outside company auditors, on appropriateness of the policies, standards, remuneration structure and level for determining directors' remuneration. Regarding the remuneration for FY2019, following consultation with the Advisory Committee on Personnel and Remuneration, etc. meeting held on 25 June 2019, the method of calculating fixed remuneration and performance-linked bonus was resolved at the meeting Board of Directors held on 27 June 2019. Then on 22 July 2019, by written resolution of the Board of Directors, pursuant to the provisions of Article 370 of the Companies Act, the specific details of the restricted stock remuneration were resolved which outline was briefed in advance in the meeting of Board of Directors.

#### <Remuneration of Company Auditor>

The remuneration of Company Auditors shall be fixed remuneration only. With the resolution of annual general meeting of shareholders held on 29 June 2017 that the annual amount should not exceed ¥120 million, the payment within the limit shall be determined by consultation among Company Auditors. At the resolution of the general meeting of shareholders, the number of Company Auditors stipulated in the Company's Articles of Incorporation was five.

#### (Supplement)

Performance-linked bonus for Directors (excluding Outside Directors) for FY2020 are calculated using the method as per below.

#### 1 Calculation method

Paid amount = Consolidated Operating income x 0.020% x Multiplying Factor by Position

#### 2 Multiplying Factor by Position

Chairman

Multiplying Factor 1.00 (1 person)

Vice Chairman	Multiplying Factor	0.47 (1 person)
President	Multiplying Factor	1.00 (1 person)
Senior Technical Executive	Multiplying Factor	0.47 (1 person)
Director	Multiplying Factor	0.20 (2 persons)

Note: Above number of persons are based on the number of Directors eligible for the bonus as of 26 June 2020

**[Support System for Outside Directors (Outside Company Auditors)]** Revised

[Outside Directors]

The Company has assigned a liaison to each Outside Director to assist in their duties. Through liaison, Outside Directors have been provided information by receiving agenda for Board of Directors meetings in advance as well as having access to documents at their request and others.

[Outside Company Auditors]

The Company has established the Company Auditors Secretariat. Please refer to “2. Matters Related to Business Execution, Audit and Supervision, Nominations and Decisions on Remuneration (Overview of Current Corporate Governance System)” below in this report.

[Retired presidents/CEOs holding advisory positions, etc.]

The Company has terminated such positions.

**2. Matters Related to Business Execution, Audit and Supervision, Nominations and Decisions on Remuneration (Overview of Current Corporate Governance System)** Revised

[Board of Directors]

Members of the Board of Directors are Representative Director and Chairman Osamu Suzuki (Board Chair), Representative Director and Vice Chairman Yasuhito Harayama, Representative Director and President Toshihiro Suzuki, Representative Director and Senior Technical Executive Osamu Honda, Director and Managing Officers Masahiko Nagao and Toshiaki Suzuki, and Outside Directors Osamu Kawamura, Hideaki Domichi and Yuriko Kato.

In June 2006, the company reduced the number of directors from 29 to 14, following the introduction of a managing officer system to facilitate agile business execution and to clarify responsibility. The number of directors has since been reduced to speed up the decision-making process of the Board of Directors.

Furthermore, in order to strengthen the management oversight function and to receive useful advice and guidance on the Company's management based on their extensive experience and expertise, two outside directors were appointed in June 2012, and the number of outside directors was increased by one in June 2020, bringing the current number of outside directors to three (two men and one woman), or one-third of the total number of directors.

In principle, the Board of Directors meets once a month and also as needed to strengthen supervision by making decisions on basic management policies, important business execution matters, matters authorized by the General Meeting of Shareholders to the Board of Directors, and other matters prescribed by law and the Articles of Incorporation based on sufficient discussion, including from the perspective of legal compliance and corporate ethics, as well as receiving reports on the execution of important business operations as appropriate. The meetings of Board of Directors were held in total of

19 times in FY2019, and the attendance of individual directors is as follows.

Representative Director and Chairman	Osamu Suzuki	19 times/19 times
Representative Director and Vice Chairman	Yasuhito Harayama	18 times/19 times
Representative Director and President	Toshihiro Suzuki	19 times/19 times
Representative Director and Senior Technical Executive		
	Osamu Honda	19 times/19 times
Director and Managing Officer	Masahiko Nagao	19 times/19 times
Director and Managing Officer	Toshiaki Suzuki	(Newly appointed)
Outside Director	Osamu Kawamura	(Newly appointed)
Outside Director	Hideaki Domichi	(Newly appointed)
Outside Director	Yuriko Kato	(Newly appointed)

The attendance of individual company auditors is as follows.

Full-time Company Auditor	Toyokazu Sugimoto	15 times/15 times
Full-time Company Auditor	Masato Kasai	13 times/15 times
Outside Company Auditor	Norio Tanaka	19 times/19 times
Outside Company Auditor	Nobuyuki Araki	19 times/19 times
Outside Company Auditor	Norihisa Nagano	15 times/15 times

(The attendance of Mr. Toyokazu Sugimoto, Mr. Masato Kasai, and Mr. Norihisa Nagano at meetings of the Board of Directors is those held after their assumption of office as Company Auditor on 27 June 2019.)

#### [Company Auditor's Audit]

##### a. Company Auditors' audit organization, staffing and procedures

Members of Audit & Supervisory Board are Full-time Company Auditors Toyokazu Sugimoto and Masato Kasai, and Outside Company Auditors Norio Tanaka, Nobuyuki Araki and Norihisa Nagano.

Full-time Company Auditor Toyokazu Sugimoto has many years of operational experience mainly in the fields of accounting and finance of our Group and management of subsidiaries. Company Auditor Norio Tanaka has extensive experience as a certified public accountant. Both have considerable knowledge of finance and accounting. Company Auditor Norihisa Nagano has extensive knowledge in law as a solicitor, Full-time Company Auditor Masato Kasai and Company Auditor Nobuyuki Araki have considerable knowledge in the fields of technology, environment, etc.

In addition, to assist the Company Auditors in their duties, we have established the Company Auditors Secretariat as a full-time staff division independent of the chain of command of the directors and others. There are three staff members with expertise and experience in accounting and finance, auditing, overseas assignment, technology divisions, etc.

Company Auditors' audit procedures conform to the auditing standards of the Audit & Supervisory Board, and according to the auditing policy and division of duties, which are formulated after the General Meeting of Shareholders, Company Auditors audit the proper execution of corporate

management and communicate their opinions by attending meetings of the Board of Directors, Executive Committee and other important meetings, inspecting ringi (request for approval) documents and minutes of meetings, and receiving reports and interviews from directors and employees on the status of operations. In addition, Company Auditors review and discuss the audit plan and topics formulated by Audit HQ, which is an internal audit division, and the results of operational audits conducted by Audit HQ.

b. Activities of Company Auditors and Board of Company Auditors

At our company, meetings of the Audit & Supervisory Board are, in principle, held once a month for two to three hours per meeting. The meetings of Audit & Supervisory Board were held in total of 16 times in FY2019, and the attendance of individual company auditors is as follows.

Full-time Company Auditor	Toyokazu Sugimoto	13 times/13 times
Full-time Company Auditor	Masato Kasai	11 times/13 times
Outside Company Auditor	Norio Tanaka	16 times/16 times
Outside Company Auditor	Nobuyuki Araki	16 times/16 times
Outside Company Auditor	Norihisa Nagano	13 times/13 times

(The attendance of Mr. Toyokazu Sugimoto, Mr. Masato Kasai, and Mr. Norihisa Nagano at meetings of the Audit & Supervisory Board is those held after their assumption of office as Company Auditor on 27 June 2019.)

Full-time Company Auditors actively and proactively exercise their authority to express their opinions at meetings of the Board of Directors and other important meetings as appropriate. Specifically, important meetings include full-time Directors' meetings, business reporting meetings, monthly reporting meetings, the ringi (request for approval) deliberation meetings, product planning meetings, and division meetings for the reform of motorcycle business. In addition, as an observer, Company Auditors participate in the Advisory Committee on Personnel and Remuneration, etc., the Inspection Reform Committee, the Corporate Governance Committee, the Quality Assurance Committee, and the Environment Committee, and express their opinions as necessary.

In addition, Company Auditors receive detailed audit reports from Audit HQ, which is an internal audit division, and confirm the content of each audit and provide their opinions. In addition, Company Auditors also audit the execution of business operations in light of the duty of care and loyalty of the management members. With respect to the major overseas subsidiaries, in addition to holding hearings and exchanging opinions with the directors and other members of the subsidiaries, Company Auditors visited them directly to investigate their operations and financial conditions, etc. as necessary.

Outside Company Auditors attend meetings of the Board of Directors and the Audit & Supervisory Board, as well as various meetings on management and execution of operation, and express their opinions as necessary, and all of them are members of the Advisory Committee on Personnel and Remuneration, etc. In addition, opinions are exchanged with the Representative Director and Outside Directors.

Based on the above, the Audit & Supervisory Board received reports from each Company Auditor on the status and results of their audits, and made efforts to discuss and share information. Furthermore, the Audit & Supervisory Board regularly receives reports from the accounting auditors on the audit plan, the results of quarterly reviews, and the status of annual audits, witnesses accounting audit to know the status of the audit conducted, and strives to strengthen collaboration by exchanging opinions and sharing information as appropriate, such as by receiving reports on the audit quality control initiatives as an auditing firm.

[Executive Committee and other various meetings on management and execution of operation]

In order to promptly deliberate and decide on important management issues and measures, the Executive Committee, which is attended by Executive Officers and General Managers, etc. as well as the Company Auditors (Specified Company Auditors) as an observer, and other various meetings attended by Directors, Company Auditors and divisional responsible persons (Managing Officers and divisional general managers, etc.) are held regularly and as needed to report and share information on management and business execution.

Also, various meetings are held periodically and whenever necessary to deliberate business plans etc. and to receive reporting on operation of the company, enabling the Company to appropriately plan, identify administrative issues and grasp the situation on execution of operation.

In such way, the Company is enhancing efficiency of decision making at the meetings of Board of Directors and supervision on execution of operation.

[Advisory Committee on Personnel and Remuneration, etc.]

Please refer to “Establishment of Optional Committee(s)” in “1.Organizational Structure and Operation, etc.” above.

[Corporate Governance Committee]

Corporate Governance Committee has been established to examine matters to ensure compliance and risk management, as well as to promote the implementation of measures and policies for the Company Group's sustainable growth and the medium- to long-term enhancement of corporate value. The Committee also verifies the results of effectiveness evaluation of internal controls over financial reporting in accordance with Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act.

The committee is chaired by Director and Managing Officer Masahiko Nagao, and vice-chaired by three Managing Officers, with each divisional general manager serving as a member of the committee.

[Internal Auditing]

a. Organization and staffing of Internal Audit

As an organization under the direct control of President, 61 staff members (as of March 31, 2020) with expertise in various areas of the Company's operations regularly audit the Company's divisions and domestic and overseas affiliates in accordance with the audit plan.

b. Internal audit procedures and relationship with Internal Control Division

Operational audits include on-site and paper audits to confirm the appropriateness and efficiency of overall operations, compliance with law and internal rules, and the development and operation of internal controls, such as the management and maintenance of assets. The operational audit results are reported to President, the heads of related divisions, and full-time Company Auditor, as well as to the Board of Directors once every six months, at each audit along with suggestions for improvement on findings. Advice and guidance are provided until improvements are completed to solve issues at an early timing.

In addition, the effectiveness evaluation of internal controls over financial reporting in accordance with Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act is conducted by the Corporate Governance Committee, and the results are reported by the Corporate Governance Committee to the Board of Directors and the Board of Company Auditors.

For subsidiaries with internal audit division, Internal Audit checks their activities, receives reports on their audit plans and results, and provides advice and guidance as necessary.

c. Mutual cooperation with the Accounting Audit

Audit results are shared with the accounting auditor as needed, and regular meetings are held to share information, enhance communication, and maintain close cooperation.

[Independent Auditor]

3 certified public accountants who engaged in the audit for FY2019 are Messrs. Satoru Imamura, Akira Iwama and Takashi Imamura, who belong to Seimei Audit Corporation (the Company contracted initially with its predecessor in 1967). The numbers of other assistant members for audit are 10 certified public accountants, 5 CPA examination passer and 6 others.

[Contracts for Limitation of Liability]

The Company concludes with each of Outside Directors and Outside Auditors a contract for limitation of liability which specifies the liability under Paragraph 1, Article 423 of the Companies Act as the minimum amount of the limit for liability provided by Paragraph 1, Article 425 of the Act, according to Paragraph 1, Article 427 of the Act.

### 3. Reasons for the Selection of its Current Corporate Governance System

The Company has adopted the current system with the thought of statutory company auditor system being the foundation and establishment of Advisory Committee on Personnel and Remuneration, etc. and appointment of highly independent Outside Directors enables improvement of governance.

## III. Status of Implementation of Measures relating to Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Facilitation of the Exercise of Voting Rights Revised

	Supplementary Explanation
Early Dispatch of Convocation of General Meeting of Shareholders	Every year, the Company sends Notice of Convocation of Ordinary General Meeting of Shareholders at the end of May. However, the dispatch of the Notice of Convocation of the 154 <sup>th</sup>

	Ordinary General Meeting of Shareholders held on 26 June 2020 was delayed due to the spread of the new coronavirus infection. (It was disclosed on the website on 3 June 2020.)
Electronic Exercise of Voting Rights	Electronic exercise of voting rights has become possible by using the website that the Company designates for electronic exercise of voting rights since the 142 <sup>nd</sup> Ordinary General Meeting of Shareholders held on 27 June 2008.
Participation in Electronic Voting Platform and Other Efforts to Enhance an Environment for Exercise of Voting Rights by Institutional Shareholders	Electronic exercise of voting rights has become possible by using the electronic voting platform since the 142 <sup>nd</sup> Ordinary General Meeting of Shareholders held on 27 June 2008.
Provision of Convocation Notice in English	The English version is available at the electronic voting platform, the websites of the Tokyo Stock Exchange and of the Company.
Others	To allow as many shareholders as possible to attend a general meeting of shareholders, we use Grand Hotel Hamamatsu as the venue that has a large seating capacity as well as run shuttle buses between the venue and JR Hamamatsu Station, the nearest railway station. During the meetings, we provide video presentations to help attending shareholders better understand the explanations on matters to be reported. Since the 142 <sup>nd</sup> Ordinary General Meeting of Shareholders on 27 June 2008, we have offered a tour in the “Suzuki Plaza Museum” to help attending shareholders deepen their understanding of the Company after the general meeting is over. However, the Company cancelled the shuttle bus services and the tour in the “Suzuki Plaza Museum” this year due to the spread of the new coronavirus infection.

## 2. Investor Relations Activities Revised

	Supplementary Explanations	Explanation by the Representative
Preparation and Publication of Disclosure Policy	The Company's basic policy on disclosure, company structure for timely disclosure and constructive dialogue with shareholders are available at IR website in the Company's website. <Japanese> <a href="http://www.suzuki.co.jp/ir/home/pdf/disclosurepolicy.pdf">http://www.suzuki.co.jp/ir/home/pdf/disclosurepolicy.pdf</a> <English> <a href="http://www.globalsuzuki.com/ir/home/pdf/disclosurePolicy.pdf">http://www.globalsuzuki.com/ir/home/pdf/disclosurePolicy.pdf</a>	
Holding periodic Private investors Briefing	Jointly with securities company, the Company holds briefings by Directors, Managing Officers in Charge or person in charge of IR for private investors. In addition, the Company holds briefings for securities company's sales staff whenever necessary.	No
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a financial result briefing every quarter that is presented by Representative Director or Directors and Managing Officers in Charge. In addition, the Company provides various meetings, including investors' conferences and other briefings, IR meetings at home and abroad, invitations of analysts to new car presentations, factory tours for analysts and information meetings on technologies when the need arises.	Yes
Holding Regular Investor Briefings for Foreign Investors	The Company has Representative Director or Directors and Managing Officers in charge attend IR Conferences for foreign investors.	Yes
Disclosure of IR Materials	On the Company's website available are materials	

on the Company's Website	including financial statements, reference to financial statements, materials of financial result briefings for investors, securities reports, annual reports, business result reports, environmental and social reports, and various IR reports such as IR news, IR calendar, and information of shares and ratings. IR pages for overseas investors contain the similar information in English. <Japanese> <a href="http://www.suzuki.co.jp/ir/index.html">http://www.suzuki.co.jp/ir/index.html</a> <English> <a href="http://www.globalsuzuki.com/ir/index.html">http://www.globalsuzuki.com/ir/index.html</a>	
Establishment of IR Department	The Corporate Planning Office of the Company has in place the Corporate Management/IR/Cost Management Department as the IR contact in the Head Office, and the Tokyo IR, Tokyo Branch, as the IR contact in Tokyo. As the organization that prepares documents for disclosure such as financial statements, the Finance Division has in place the Accounting Group, Financial Department, Finance HQ.	
Others	The Company is ready to be interviewed by a number of securities analysts, institutional investors, laboratories and public offices. From the viewpoint of preventing spread of the new coronavirus infection, the Company started to accept interviews through telephone and web conference. The Company has provided financial statements and timely disclosure in English through "Tokyo Stock Exchange English Data Distribution Service" since the term ended March 2012.	

### 3. Measures Concerning Respect of the Positions of Stakeholders Revised

	Supplementary Explanations
Stipulation of Internal Regulations concerning the Respect of Positions of Stakeholders	The Company's effort toward each stakeholder is described in "Suzuki CSR & Environmental Report." "Suzuki CSR & Environmental Report" is available on the websites of the Company. <Japanese> <a href="http://www.suzuki.co.jp/corporate/csr_environment/">http://www.suzuki.co.jp/corporate/csr_environment/</a> <English> <a href="http://www.globalsuzuki.com/corporate/environmental/index.html">http://www.globalsuzuki.com/corporate/environmental/index.html</a>
Implementation of Environmental Conservation Activities, CSR Activities, etc.	The Company issues "Suzuki CSR & Environmental Report," which outlines our environmental efforts, philosophy of CSR and activities. "Suzuki CSR & Environmental Report" is available on the website of the Company. <Japanese> <a href="http://www.suzuki.co.jp/corporate/csr_environment/">http://www.suzuki.co.jp/corporate/csr_environment/</a> <English> <a href="http://www.globalsuzuki.com/corporate/environmental/index.html">http://www.globalsuzuki.com/corporate/environmental/index.html</a>
Establishment of Policies on Providing Information to Stakeholders	In order to be trusted further by society and stakeholders, the Company discloses information quickly in fair and accurate manner prescribed in laws and regulations and aggressively discloses information that the Company concluded is beneficial to understand the Company. The Company will further enhance the transparency of the Company.
Other	"Efforts for Promotion of Women's Active Participation" The Company has been working to improve our workplace environment to create a comfortable and rewarding work environment for our employees. Going forward, we will support the active role of women by providing a support system for balancing childcare and work and by promoting women employees to a higher level than ever



before.

[Support system to balance childcare and work]

- Legal Short time working for childcare period is up to 3 years old, but the Company allows up to 3<sup>rd</sup> Grade of primary school.
- The company provides designated parking space for those employees who are on Short time working for childcare period so that they can reduce working hours.
- Nursing leave can be taken on an hourly basis.
- In order to support a smooth return to work, we hold regular social gatherings for employees on childcare leave and their spouses to provide a place where they can obtain information on our work-life balance support system and interact with senior employees as well as other employees on leave.

[The appointment of women]

The Company has set a goal of “tripling the number of women in managerial positions by 2025 compared to FY2015”.

[Enhancing HR development on Female employees]

- Seminars for employees grouped by the year that they joined the Company and seminars for each job title, where individual job counselling will be held to discuss their career paths.

#### IV. Matters Related to the Internal Control System

##### 1. Basic Policy on Internal Control System and Status of System Development Revised

The Board of Directors resolved the following basic policies regarding the systems to ensure the appropriateness of execution of duties (internal control systems).

1. Systems to ensure that Directors’ and employees’ execution of their duties complies with laws and regulations and the Articles of Incorporation
  - (1) The Board of Directors shall formulate the “Suzuki Group Code of Conduct” to ensure Directors and Managing Officers and employees in the Company and the Group (Suzuki Group) execute their duties in a healthy manner as well as shall oversee the state in which the Code is fully disseminated throughout the Group.
  - (2) A Corporate Governance Committee, chaired by the Director and Managing Officer in charge of corporate planning, shall be established under the Board of Directors. The Corporate Governance Committee shall deploy measures for advancing thorough compliance and promote efforts to address cross-sectional challenges in coordination with the relevant sections.
  - (3) Executive General Managers shall clearly define the division of work among their responsible sections and establish work regulations and manuals that include compliance with laws and regulations related to their responsible duties, approval and decision procedures, and rules for the confirmation process by other sections. Executive General Managers shall ensure that the people concerned are fully aware of said regulations, manuals, rules, etc.
  - (4) The Human Resources Department shall hold seminars about compliance and individual laws/regulations for executives and employees in a continuous manner in cooperation with the Corporate Planning Office, Legal Department, Engineering Department and other related departments.
  - (5) To prevent violations of laws and regulation and take corrective measures at an early stage, a whistleblowing system (Suzuki Group Risk Management Hotline) that has both internal and external contact points, shall be established to allow executives and employees of the Suzuki

Group to report on breach of laws and regulations or their possibility without any disadvantageous treatment to the whistleblower.

The Corporate Planning Office shall strive to make the whistleblowing system fully known and to promote its use.

2. Systems relating to the storage and administration of the information in relation to Directors' execution of their duties

The minutes of meetings of the Board of Directors and other information related to Directors' execution of their duties shall be retained and administered by responsible sections pursuant to laws, regulations and internal regulations, and shall be made available to Directors and Audit & Supervisory Board members for examination when the need arises.

3. Rules and other systems relating to management of the risk of loss

- (1) Important matters regarding corporate management shall be decided after meetings of the Board of Directors, the Executive Committee, the ringi (request for approval) system and other systems deliberate and evaluate their risks in accordance with the standard for deliberation.
- (2) Executive General Managers shall establish work regulations and manuals that include preventive measures against risks that can be presumed in their responsible duties, and counter-measures in case of their occurrence. Executive General Managers shall ensure that the people concerned are fully aware of said regulations, manuals, measures, etc.
- (3) To prepare for a large-scale disaster, action manuals and business continuity plans shall be formulated, and drills shall be carried out.

4. Systems to ensure efficient execution of duties by Directors

- (1) Important matters regarding corporate management shall be deliberated at the Executive Committee and other meetings prior to decision-making.
- (2) The Board of Directors shall clarify responsibilities regarding the execution of Managing Officers' and Executive General Managers' duties, and shall supervise their execution.
- (3) The Board of Directors shall receive reporting from the person responsible for the execution of the duties, as necessary, on how the matters, which were decided at meetings of the Board of Directors, the Executive Committee and other meetings, are executed. In response to reports, the Board of Directors shall give necessary instructions.
- (4) The Board of Directors shall formulate mid-term management plans that include consolidated subsidiaries and regularly verify the progress of business plans for fiscal years as made by Executive General Managers in order to achieve the mid-term plan.
- (5) The Audit Department, which directly reports to President, shall audit the state of establishment and operation of internal controls, which are based on the basic policies, on a regular basis and shall report on the outcome to the Board of Directors.

The Board of Directors shall make Managing Officers and Executive General Managers attend meetings of the Board of Directors, if necessary, and ask them to explain or report on issues that were detected in activities such as internal audits and whistleblowing. Accordingly, the Board of Directors shall give instructions for correction of the issues and require reporting on results.

5. Systems to ensure appropriateness of duties of the Corporate Group consisting of the Company and subsidiaries
  - (1) The Board of Directors shall formulate mid-term management plans that include consolidated subsidiaries, and the presidents of the subsidiaries shall make business plans in the fiscal years in order to achieve the mid-term plans.
  - (2) The Company shall set forth regulations for managing subsidiaries, which clarify the departments that are responsible for administering the subsidiaries, and receive reporting from subsidiaries on the situation of their business on a regular basis and on matters set forth in the regulations. Important matters related to the corporate management of subsidiaries shall be subject to prior approval from the Company.
  - (3) The Corporate Governance Committee shall deploy thorough compliance and measures for risk management, which include consolidated subsidiaries, to the presidents of subsidiaries as well as give them necessary assistance in coordination with the relevant departments.

The Audit Department, directly reporting to President, shall regularly audit the state of dissemination of

“the Suzuki Group Code of Conduct”, compliance, risk management and the state of establishment of a

whistleblowing system as well as report the results to the Board of Directors.

The Board of Directors shall make the presidents of subsidiaries attend meetings of the Board of Directors, if necessary, and ask them to explain or report on issues that were detected in activities such as internal audits and whistleblowing. Accordingly, the Board of Directors shall give instructions for correction of the issues and require reporting on results.
  - (4) The Corporate Planning section shall create awareness for the “Suzuki Group Risk Management Hotline” at subsidiaries to allow the Directors, Managing Officers and employees of subsidiaries to report directly to the Company on violations or possible violations of laws and regulations.
6. Matters for employees to support the business of the Audit & Supervisory Board Members when the Audit & Supervisory Board Member seeks appointment of the employees; matters for independence of such employees from the Directors; and matters for ensuring the efficiency of instructions given the employees
  - (1) The Company shall establish the Secretariat of Audit & Supervisory Board in which staff is dedicated to executing their duties under the direction of Audit & Supervisory Board Members.
  - (2) Audit & Supervisory Board Members whom the Audit & Supervisory Board appoints can ask a change of their staff anytime, and Directors shall not refuse the requests without proper reason.
  - (3) Transfers, treatments, disciplinary punishments, etc. of the staff in the Secretariat of Audit & Supervisory Board shall be subject to approval from Audit & Supervisory Board Members whom the Audit & Supervisory Board appoints. Evaluation of personnel shall be conducted by Audit & Supervisory Board Members as appointed by the Audit & Supervisory Board.
7. Systems for reporting to the Audit & Supervisory Board Members
  - (1) Audit & Supervisory Board Members may attend the Executive Committee, other important meetings and various committees in addition to meetings of the Board of Directors to ask questions and express their opinions.

- (2) In additions to delivering circular resolutions and other important documents to Audit & Supervisory Board Members, the Board of Directors, departments and the presidents of subsidiaries shall submit necessary information and report on the state of business and duties at the request of Audit & Supervisory Board Members.
- (3) Upon finding a fact that can cause serious damage to the Suzuki Group, the Board of Directors shall report on the fact to the Audit & Supervisory Board immediately.
- (4) The Audit Department, directly reporting to President, shall report on the results of internal audits to the Audit & Supervisory Board.
- (5) One of the contacts of the “Suzuki Group Risk Management Hotline” shall be Audit & Supervisory Board Members. In addition, the state of whistleblowing activities outside that of Audit & Supervisory Board Members shall be reported to Audit & Supervisory Board Members on a regular basis.
- (6) The Company shall not engage in disadvantageous treatment against those who reported to Audit & Supervisory Board Members, and shall ask the subsidiaries to treat them in the same way.

8. Matters regarding procedures for prepayment or redemption of expenses arising from the execution of duties of Audit & Supervisory Board Members and processing of other expenses or liabilities arising from the execution of such duties

The Company shall budget a certain amount of funds each year to pay expenses, etc. caused by the execution of Audit & Supervisory Board Members' duties. When Audit & Supervisory Board Members claim an advance payment of expenses and others related to the execution of their duties, the Company shall process the claim without delay.

9. Other System to ensure effecting auditing by the Audit & Supervisory Board Members  
Audit & Supervisory Board Members may seek advice, etc. from lawyers and other external experts, if necessary, at the expense of the Company.

[Overview of Operation of the Systems for Ensuring Appropriate Execution of Duties]

The following is an overview of operation of the basic policies related to the systems for ensuring appropriate execution of duties in FY2019:

[Measures relating to compliance]

- (1) As a part of efforts to firmly establish compliance awareness throughout the Company based on improper conducts regarding final vehicle inspection in 2018 following the improper sampling inspection of fuel consumption and exhaust gas in 2016, the Company has distributed a Compliance Handbook that shows the standards of behavior related to compliance to all Directors, officers and employees as a supplementary to the Suzuki Group Code of Conduct. Furthermore, regarding education and training, in addition to the previous lessons on compliance through e-learning and for respective levels and positions, we are enhancing our training for employees to sufficiently understand laws and regulations related to automobile manufacturing, sales and service, such as the Road Transport Vehicle Act, and conducting this training for a broader scope of staff including Directors, officers and employees.

- (2) From 18 May 2017, one year after the incident regarding the improper sampling inspection of fuel consumption and exhaust gas was disclosed, we set the day as “Remember 5.18”, an effort to be conducted every May with the aim of retaining a sense of awareness against improper conducts, on which we perform a comprehensive inspection to ensure that we are not violating regulatory compliance in any way by stopping all operations for one day. From this year, we have expanded the scope of participation from the staff of the engineering, manufacturing, and purchase departments to all departments of the Company.
- (3) Education, training, and urging posters at all worksites are some methods being used to ensure awareness of the “Suzuki Group Risk Management Hotline” in an effort to discover compliance issues early and to respond appropriately. In the current fiscal year, the Company established new rules that clarified procedures for whistleblowing including a specific outline for whistleblower protections and the investigation process.
- (4) The Corporate Governance Committee engages in enhancement of compliance awareness by employees and urges caution for individual legal compliance throughout the Company. Furthermore, if compliance issues arise, the Committee conducts deliberation for each issue, formulates required measures, and reports the details to the Board of Directors and the Audit & Supervisory Board Member as appropriate.

[Measures relating to risk management]

- (1) The Company has constructed a system in which issues occurring or recognized in any department are deliberated on promptly by the Corporate Governance Committee or the Executive Committee, depending on their urgency and severity.
- (2) Since smooth communication of information within the Group is effective for early discovery of problems, the top level of management is supervising the thorough application of these basic rules of information communication by all Directors, officers and employees by incorporating them into lectures at various corporate events: “Immediately give reports to your manager. Immediately contact your manager. Think for yourself, then consult”; and “Observe the actual site or object to plan measures and take action”.
- (3) The Company conducts risk management training for Directors, officers and Executive General Managers, by inviting outside experts. In addition to compliance risk, cyber risk was also taken up as a main theme for the current fiscal year.
- (4) Internal rules are constantly being developed in each department. The Company is working to strengthen systems for efficient and appropriate operations in compliance with laws, regulations, etc. We all have provided chances for ourselves to check each work procedure and make the necessary improvements regularly every year.
- (5) In accordance with the Company’s “CSR Guidelines for Suppliers” to comply with laws and regulations, we are working with suppliers to fulfill our corporate responsibilities together, including those relating to human rights, labor and the environment, with the principle of safety and quality first in our mind.
- (6) As part of measures to prepare for natural disasters, the Company held two trainings for tsunami evacuation assuming the occurrence of the Nankai Trough Megaquake. The Company also reviewed issue in our Business Continuity Plan (BCP) and made necessary revisions. Furthermore, in March 2020, the Company organized the “COVID-19 Response Headquarters”

headed by the Executive General Manager of Corporate Planning Office in order to implement measures to prevent the spread of COVID-19 and develop our BCP in the event of an infection outbreak.

- (7) The Company will thoroughly implement health maintenance programs for employees, make working arrangements (including the introduction of telecommuting), and encourage hygiene management, disinfection, and ventilation as measures to prevent the spread of COVID-19 at all domestic and overseas bases, and will take timely and appropriate measures to enable business continuity while paying constant attention to the status of production, procurement, sales, and other factors that may have impacts on the operating results of the Company.

[Measures relating to efficiency improvements in Directors' execution of their duties]

- (1) To allow the Board of Directors to make decisions on vital management issues efficiently and quickly, such issues are deliberated at the Executive Committee attended by the Representative Directors and other concerned Directors, Managing Officers and others before being put to the Board of Directors. Also, in order to allow sufficient time for the Board of Directors to deliberate important issues related to management, meetings of the Board of Directors are operated to secure ample time in schedule and materials for the meetings are distributed in advance.
- (2) The Company clearly assigns a person responsible for execution to new management issues as they arise, and gives instructions as necessary.
- (3) The Company is aiming to improve efficiency and speed in decision-making by the Board of Directors through certain measures such as by delegating decisions on individual matters to Directors or Managing Officers through the ringi (request for approval) system, by receiving monthly reports on the state of operations of each department, the state of progress of each department's plans. etc., and by holding meetings of the Executive Committee attended by the Representative Directors and other concerned Directors, Managing Officers and others periodically and as the need arises to deliberate and make decisions on vital management issues and measures quickly.
- (4) The internal audit department audits the state of establishment and operation of internal controls, which are based on these basic policies, on a regular basis and reports the results of audits to the Board of Directors.

[Measures for ensuring appropriate execution of duties at the Group]

- (1) The Company has defined the Rules of Business Control Supervision for Affiliated Companies and established departments responsible for the management of each of its subsidiaries. Subsidiaries are managed and supervised to ensure regular provision of status reports and reports on other matters as defined by these Rules, and to ensure the receipt of approval from the Company ahead of any significant matters.
- (2) The Company has established a whistleblowing system in the Group and strives to identify compliance issues at subsidiaries.
- (3) In accordance with the audit plan, through on-site auditing and investigation of written documentation, etc., the Company's internal audit department with personnel thoroughly familiar with the various fields of the Company's operation periodically audits the state of establishment and operation of internal controls, including the appropriateness and efficiency of business at

departments of the Company and at domestic/overseas subsidiaries, the state of compliance with laws/regulations and internal rules, and the state of management/maintenance for assets. The results of these audits are reported to the President and other concerned Directors each time an audit is conducted, and once every half period to the Board of Directors, and the internal audit department provides advice and guidance to the audited departments and audited subsidiaries based on audit results until the applicable improvements have been completed. For subsidiaries that have an internal audit department, the Company's audit department checks the activities of those internal audit departments, receives reports on audit plans and results, and provides advice and guidance as needed.

[Measures related to audits by Audit & Supervisory Board Members]

- (1) The Company has established the Secretariat of the Audit & Supervisory Board, which is a full-time staff department independent from the chain of command of Directors, etc., to support the duties of Audit & Supervisory Board Members. Merit Rating of staff at the Secretariat of the Audit & Supervisory Board shall be performed by Audit & Supervisory Board Members whom the Audit & Supervisory Board appoints, and approval from Audit & Supervisory Board Members whom the Audit & Supervisory Board appoints shall be obtained in advance of personnel transfers, etc.
- (2) By having Audit & Supervisory Board Members attend meetings of the Board of Directors, the Executive Committee, corporate governance meetings, and other meetings related to business operations and management, the Company makes it possible for Audit & Supervisory Board Members to verify the decision-making process and receive any necessary reports, and express their opinions.
- (3) The decision documents concerning the business operations of the Company and its subsidiaries are provided to the Audit & Supervisory Board Members, and when necessary, the business and business conditions are explained as necessary.
- (4) The internal audit department properly reports results of audits to Audit & Supervisory Board Members, allowing for more efficient auditing to be carried out in joint collaboration between Audit & Supervisory Board Members and the internal audit department.
- (5) In the whistleblowing system of the Suzuki Group, a contact point with Audit & Supervisory Board Members for whistleblowing is established. Additionally, all of the reports received for other contacts are also reported to the Audit & Supervisory Board promptly so that information regarding various issues within the Company is shared with them.
- (6) Expenses for the execution of duties of the Audit & Supervisory Board Members are independently budgeted and properly processed.

## **2. Basic Policy on Eliminating Antisocial Forces**

The "Suzuki Group Code of Conduct" requires the Suzuki Group completely shut any relationships with anti-social forces and associations that threaten the order and safety of citizens and society, and if employees receive unreasonable demand from anti-society forces or associations, employees shall make it thoroughly certain to make a report to or seek consultation from their superiors or the relevant section in the Company instead of making an opportunistic judgment to handle the case.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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#### Supplementary Explanation

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### 2. Other Matters relating to Corporate Governance System

#### Overview of System for Timely Disclosure

##### 1. Basic Policy for Timely Disclosure

The Company has disclosed information in an accurate, fair and swift manner following the securities listing regulations of the Tokyo Stock Exchange, etc. Furthermore, the Company strives to proactively disclose the information that is instrumental in deepening the understanding of the Group.

In addition, the Group has set forth the “Suzuki Group Insider Trading Regulations” in order to establish an internal system related to timely disclosure of material facts as well as completely control information that is subject to timely disclosure and prevent insider transactions.

##### 2. Internal System for Timely Disclosure

- Information on the Company and subsidiaries that may be subject to obligation for timely disclosure shall be collected and centrally controlled by the Information Management section of the Company.
- If a material fact occurs in any section in the Company and any of its responsible subsidiaries, an immediate report shall be made to the Information Management section of the Company.
- A judgment on whether timely disclose should be effected or not shall be made mainly by the Information Management section in the Company pursuant to the securities listing regulations, etc.
- The Information Management section in the Company shall make a report to Representative Director without delay. The Information Management section shall make timely disclosure about facts whose disclosure was decided by the Company and financial results after obtaining approval from the Board of Directors as well as disclose facts that occurred independently of the Company's decision immediately after they occurred.



